ECSPONENT LIMITED
Incorporated in the Republic of South Africa
Registration number: 1998/013215/06
JSE Code: ECS - ISIN: ZAE000179594
("**the Company**" or "**Ecsponent**")

Condensed Consolidated Reviewed Interim Results for the 6 months ended 30 June 2016

The Board of Directors is pleased to advise shareholders of continued exponential growth of Ecsponent and its subsidiaries ("the Group") as reflected in further improved, consolidated results for the 6 months ended 30 June 2016.

Ecsponent increased its strategic focus on selected markets during the first half of the 2016 financial year by effecting further investments in niche financial services companies. Assets which have clear African and Global market application have received priority. The directors envisage that this expansion strategy will be further refined in order to dominate niche sectors of the markets in which the Group operates.

RESULTS HIGHLIGHTS

The access to capital through the issue of preference shares resulted in continued improvement in the Group's performance and generated increased returns for the 6 months ended 30 June 2016. Highlights of the Group's 2016 interim results compared to the 2015 interim results are set out below:

- Total revenue increased by 74.7% to R116.7 million compared to R66.8 million;
- Gross profits increased by 97.8% to R95.8 million compared to R48.4 million;
- Operating profits increased by 166.7% to R58.4 million compared to R21.9 million;
- Profits before tax increased by 61.5% to R28.5 million compared to R17.7 million;
- Current assets increased by 265.3% to R652 9 million compared to R178.7 million;
- Total assets increased by 163.6% to R777.1 million compared to R294.8 million; and
- Resultant earnings per share ("EPS") increased by 26.3% to 2.23 cents per share compared to1.76 cents per share.

The EPS increase unfortunately did not flow through to headline earnings per share ("HEPS") as a result of IFRS categorisation. In the comparative period for 2015 the benefit on the disposal of the financial asset was categorised under IFRS 39 and therefore included in the calculation of HEPS while the disposal of the Swaziland retail credit business during the period under review was categorised under IFRS 10 and is therefore excluded from the HEPS calculation.

External revenue generated by the Group's financial services operations increased by 238.2% to R85.9 million compared to R25.4 million, comprising 73.6% of total revenue in the 2016 interim results. Funding for the Group's expansion strategy continues to be facilitated through Ecsponent's preference share programme, enabling the Company to raise capital to fund investments on an ongoing basis. Continued market subscriptions of preference shares have been very encouraging and the Company has raised approximately R441 million through Preference Shares issues since implementation in September 2014.

OPERATIONAL REVIEW

Group overview

Below is an overview of the Group's operations during the first half of the 2016 financial year.

Financial Services SA

The period under review highlighted the Group's successful shift in the provision of secured credit to small medium enterprises ("SME"). The comparative period to June 2015 reflects a predominantly retail, unsecured employee benefits credit business. The strategy to focus predominantly on enterprise finance and the provision of credit to specific niche market SME's has realised immediate improvement in the Group's results.

The Group's financial services operations continued their exponential growth during the period. Total assets increased by 98.1% to R706 million while revenue increased by 378% to R142.6 million, resulting in an operating profit increase of 296.2% to R92.7 million.

The demand for credit remains buoyant particularly in the enterprise development sector. The South African financial services operation has begun to make significant inroads in this high demand sector. In addition, the Group's securitisation policy provides a competitive edge in unlocking value for all stakeholders in the chain.

The Sanceda Collections operations have expanded their footprint to include both Botswana and Swaziland and the start-up costs of these operations have been expensed by the businesses for the period under review. Both of the new operations have concluded agreements for third party collections with large blue chip multinational companies. The benefits of the various contracts will begin to be realised in the balance of the financial year and beyond.

Financial Services Africa

The roll out of the Group's financial services offering into Africa replicates the South African model and leverages off the infrastructure, systems, products and management expertise of the local business. The African operations provide continuing opportunities for the growth in deposit taking and retail credit operations. The regulatory framework of each country is fully complied with and the directors of each company in those countries are operationally autonomous whilst the South African backbone provides the required governance and control.

Botswana

The Botswana operations mirror the South African processes and the Group provides management oversight and liquidity to the country's credit operations. In addition to employee benefits Ecsponent Botswana provides both enterprise and SME credit on a secured basis to qualifying clients.

The performance of the Botswana operations reflected a continued steady improvement compared to the half year ended June 2015. Botswana grew revenue by 51% to R23.2 million, total assets increased by 21.3% to R126.2 million, and operating profits increased by 164.8% to R10.9 million.

The growth in the Botswana economy, stability of the currency and demand for credit continues to drive growth of the Ecsponent operation in the territory. The directors are confident that the growth will continue.

Swaziland

The Swaziland operation includes capital raising opportunities which mirror the South African process and provides ongoing liquidity to the country's credit operations which includes consumer credit, enterprise and SME finance.

The country has ambitious goals which are targeted to be realised by 2022 and which require significant development in the country's SME sector. The directors believe that the Group is perfectly positioned to provide funding and services in support of the country's objectives.

The period under review witnessed the initiation of the roll out of the Group's enterprise finance model in Swaziland. A co-operation agreement has been entered into with the Federation of the Swaziland Business Community in order to gauge demand for enterprise development services in Swaziland. The evaluation is well advanced and the Company will shortly be engaging the local regulator to facilitate implementation.

Consequent to the strategy deployed in South Africa the Group has disposed of its interests in the strategic alliance with GetBucks. The Group continues to provide SME credit to GetBucks on a secured basis. The proceeds from the sale will be deployed in the provision of SME and enterprise credit.

The performance of the Swaziland operations reflect a steady improvement compared to the 2015 interim results. Swaziland grew revenue by 209.2% to R16.4 million whilst operating profits increased by 1401.8% to R7.4 million. The company has a liability of R57.9 million to preference share investors in Swaziland.

The directors have confidence that the business will continue to grow.

Zambia

The Zambian operation provides similar products and services as the rest of the Group. The country's demand for both retail and business credit ensures that the Group's products are likely to be profitable and successful.

The Group has a Tier 2 Deposit Taking Licence regulated by the Bank of Zambia and the operations are directed from the head office situated in Lusaka.

The country has been depressed by the dramatic reduction in international commodity prices/demand and has also suffered significant currency fluctuation depressing both investments and business confidence. The Group has delayed its normally bold start up planning as a result of the uncertain business climate.

Although in its infancy Ecsponent Zambia has begun providing credit to SME enterprises that qualify, as well as enterprise finance for secured transactions. The directors are confident that the Zambian operations will provide profitable future returns to the Group.

Private Equity

Biotechnology

The biotechnology sector is directly linked to the fluctuations in the international economy and margins remain under pressure. During the period under review the Group has continued to protect its market share and is bullish about prospects for the future.

The Group's biotechnology operations have had an exciting half year which realised the development of a new and extensive range of products to complement the existing cord blood and tissue stem cell products. Development is now complete and commercialisation has begun. In order to reduce overheads and align the operations with the new strategy the underlying company infrastructures have been rationalised and the benefits from these developments will begin to be realised during the second half of the year.

The contracts with pharmaceutical and medical aid companies concluded by both Cryo-Save and Salveo have begun to translate into sales and this is anticipated to ramp up during the second half of the year. Further channels to market are being negotiated by management and these are anticipated to be realised in the near future.

As per the Group's policy, the development costs of all the new ventures have been expensed and are included in the operating results.

PROSPECTS

Key elements of the on-going expansion strategy are:

- the continued investment in the credit operations of the Group;
- the continued growth of underlying assets through product and market extension;
- the focus on core businesses;
- aggressive trading and cost rationalisation/reduction; and
- increased emphasis on high yield private equity opportunities.

The abovementioned approach is aimed at the continued development of a robust and complementary financial services Group which provides sustainable returns.

FINANCIAL RESULTS

Presented below are the reviewed condensed consolidated financial statements for the 6 months ended 30 June 2016.

Condensed Consolidated Interim Statement of Financial Position as at 30 June 2016

	Reviewed 30 June 2016 Group R'000	Unaudited 30 June 2015 Group R'000	Audited 31 December 2015 Group R'000
ASSETS			
Non-current assets			
Property, plant and equipment	10 567	8 200	8 475
Intangible assets and Goodwill	20 131	5 909	8 557
Investment in associates	-	5 097	-
Other financial assets	70 980	78 553	98 066
Deferred tax	18 150	16 048	12 191
Other non-current receivables	4 314	2 279	3 127
Current assets			
Inventories	2 045	918	1 819
Other financial assets	509 455	136 090	278 450
Trade and other receivables	100 401	31 121	40 379
Current tax payable	88	-	-
Cash and cash equivalents	40 936	10 594	15 115
TOTAL ASSETS	**777 067**	**294 809**	**466 179**
EQUITY AND LIABILITIES			
Equity	47 322	72 475	78 191
Non-controlling interest	(26 569)	(5 215)	(4 653)
Non-current liabilities			
Other financial liabilities	517 441	159 270	324 840
Deferred revenue	11 396	-	9 552
Deferred tax	4 232	6 872	5 939
Current liabilities			
Other financial liabilities	173 559	19 803	17 259
Deferred revenue	3 513	-	4 144
Current tax payable	15 358	2 107	3 142
Trade and other payables	30 790	31 393	22 391
Bank overdraft	25	8 104	5 374
TOTAL EQUITY AND LIABILITIES	**777 067**	**294 809**	**466 179**

Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income for the interim period ending 30 June 2016

	Reviewed	Unaudited	Audited
	6 months ended 30 June2016 Group	6 months ended 30 June2015 Group	12 months ended 31 December 2015 Group
	R'000	R'000	R'000
Revenue	116 704	66 790	159 712
Cost of sales	(20 926)	(18 374)	(27 123)
GROSS PROFIT	95 778	48 416	132 589
Other income	18 543	16 482	21 953
Operating expenses	(55 915)	(42 998)	(107 161)
OPERATING PROFIT	58 406	21 900	47 381
Fair value adjustments	-	2 132	5 639
Net finance costs	(29 867)	(7 174)	(27 195)
Income from equity accounted investment	-	813	1 742
PROFIT BEFORE TAXATION	28 539	17 671	27 567
Taxation	(11 080)	(4 418)	(7 633)
PROFIT FROM CONTINUING OPERATIONS	17 459	13 253	19 934
Profit from discontinued operations	-	579	-
PROFIT FOR THE PERIOD	17 459	13 832	19 934
Other comprehensive income / (loss)	113	(77)	(301)
TOTAL COMPREHENSIVE INCOME	17 572	13 755	19 633
Loss attributable to non-controlling interest	2 631	2 053	3 298
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	20 203	15 808	22 931
Profit attributable to owners of the parent from:			
Continuing operations	20 090	15 446	23 359
Discontinued operations	-	439	-
	20 090	15 885	23 359
Total comprehensive income/(loss) attributable to:			
Owners of the parent	20 203	15 808	22 931
Non-controlling interest	(2 631)	(2 053)	(3 298)
	17 572	13 755	19 633
Basic and fully diluted earnings per share (cents) from continuing operations attributable to equity holders of the parent	2.226	1.713	2.591

Basic and fully diluted earnings / (loss) per share (cents) from discontinued operations attributable to equity holders of the parent	-	0.049	-
Basic and fully diluted earnings per share (cents) attributable to equity holders of the parent	2.226	1.762	2.591

Condensed Statement of Changes in Equity for the 6 months ended 30 June 2016

	Share capital	Non-distributable reserve	Foreign currency translation reserve	Common control reserve	Accumulated profit/(loss)	Non-controlling interest	Total equity
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 1 January 2015	118 071	3 842	(55)	(36 687)	(28 505)	(3 795)	52 871
Total comprehensive profit for the year	-	-	(428)	-	23 359	(3 298)	19 633
Purchase of non-controlling interest	-	(3 842)	-	-	2 435	2 440	1 033
Balance at 1 January 2016	118 071	-	(483)	(36 687)	(2 711)	(4 653)	73 537
Issue of shares	5 869	-	-	-	-	-	5 869
Business combinations	-	-	-	(56 824)		(19 400)	(76 224)
Total comprehensive profit for the 6 months	-	-	62	-	20 090	(2 580)	17 572
Profit for the 6 months	-	-	-	-	20 090	(2 631)	17 459
Other comprehensive income	-	-	62	-	-	51	113
Purchase of non-controlling interest	-		-	-	(65)	65	-
Balance at 30 June 2016	**123 940**	**-**	**(421)**	**(93 511)**	**17 314**	**(26 568)**	**20 754**

Condensed Consolidated Cash Flow Statement for the 6 months ended 30 June 2016

	Reviewed	**Unaudited**	**Audited**
	6 months ended 30 June 2016 Group	**6 months ended 30 June 2015 Group**	**12 months ended 31 Dec 2015 Group**
	R'000	**R'000**	**R'000**
NET CASH INFLOW FROM OPERATING ACTIVITIES	20 271	(9 085)	1 002
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(211 075)	(89 922)	(251 845)
NET CASH INFLOW FROM FINANCING ACTIVITIES	222 386	108 403	268 244
Movement in cash and cash equivalents for the period	31 582	9 396	17 401
Cash and cash equivalents at the beginning of the period	9 741	(6 950)	(6 950)
Effect of exchange rate movement on cash balances	(413)	44	(710)
Cash and cash equivalents at the end of the period	**40 910**	**2 490**	**9 741**

Notes to the Condensed Consolidated Financial statements for the 6 months ended 30 June 2016

ACCOUNTING POLICIES, BASIS OF PREPARATION OF RESULTS AND REVIEW OPINION

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and in the manner required by the Companies Act of South Africa and the JSE Listings Requirements. The principle accounting policies applied in the preparation of the condensed consolidated interim financial statements are in terms of IFRS and are consistent with those applied in the comparative consolidated annual financial statements.

The results of the Group, were prepared under supervision of the Group's financial director, Mr B Shanahan CA (SA).

These interim condensed consolidated financial statements for the period ended 30 June 2016 have been reviewed by Nexia SAB&T, who expressed an unmodified review conclusion. A copy of the auditor's review report is available for inspection at the company's registered office together with the interim condensed consolidated financial statements identified in the auditor's report.

REVIEW OF RESULTS AND FINANCIAL POSITION

The condensed consolidated interim financial results represent the trading results of the Company and its subsidiaries which are active in the financial services and private equity markets. The Group showed sustained improvement in its performance for the period under review. The expansion strategy, substantially increased the portfolio of financial services assets. Funding for the expansion strategy was secured through the registration of Ecsponent's listed preference share programme enabling the company raise capital to fund its investments on an ongoing basis. The market subscription of the preference shares has continued to grow.

EARNINGS AND FULLY DILUTED EARNINGS PER SHARE

	Reviewed	**Unaudited**	**Audited**
	30 June 2016	**30 June 2015**	**31 December 2015**
BASIC AND HEADLINE EARNINGS	**R'000**	**R' 000**	**R' 000**
Basic earnings	20 090	15 885	23 359
Headline earnings	8 900	16 670	22 453
Basic and fully diluted earnings per share (cents) attributable to equity holders of the parent	2.226	1.762	2.591
Headline and fully diluted headline earnings per share (cents) attributable to equity holders of the parent	0.986	1.849	2.490
Number of shares in issue	930 531 435	901 588 049	901 588 049
Weighted average number of shares	902 676 200	901 588 049	901 588 049
RECONCILIATION BETWEEN BASIC EARNINGS AND HEADLINE EARNINGS			
IAS 33 Basic earnings	20 090	15 885	23 359
IAS 16 (Profit) / Loss on disposal of property plant and equipment	(25)	-	10
IAS 38 Impairment of intangible assets	-	785	494
IFRS 10 Gain on disposal of subsidiary	(11 165)	-	(1 410)
Headline earnings	8 900	16 670	22 453

ASSET VALUE PER SHARE

	30 June 2016 R'000	30 June 2015 R' 000	31 December 2015 R' 000
Net asset value	47 322	72 475	78 191
Net tangible asset value	27 190	66 566	69 633
Net asset value per share (cents)	5.24	8.04	8.67
Net tangible asset value per share (cents)	3.01	7.38	7.72

ACQUISITIONS AND DISPOSALS

The board actively investigates acquisition opportunities aimed at improving earnings and cash generation for the Group.

Return on Innovation (Pty) Ltd ("ROi")
ROi provides strategic management inputs across all media platforms from the rumblings on social media, through the wide variety of print media to radio and TV – all managed through one intelligence platform. The business provides a strategic high ground for its corporate clients. For Ecsponent, this acquisition is in line with its growth strategy in that ROi is an opportunity that is high tech, offers high margins, high barriers to entry and can effectively be applied in both a South African as well as in an international context. The Group concluded an agreement to acquire 51% of the company, effective 1 March 2016. ROi reported sales amounting to R3.3 million, and a loss after tax and contributions toward group overheads of R977 588 for the interim period ended 30 June 2016.

Fair value of the assets acquired and liabilities assumed are as follows:

	2016 R
Property, plant and equipment	3 221 303
Deferred taxation	1 434 674
Trade and other receivables	1 570 226
Cash and cash equivalents	282 528
Other financial liabilities	(6 059 728)
Trade and other payables	(1 714 290)
Total identifiable net liabilities	(1 265 287)
Non-controlling interest	619 991
Common control reserve	2 145 296
Purchase consideration	1 500 000

Ecsponent Development Fund (Pty) Ltd ("ECS Developments")
ECS Developments, a 74% owned subsidiary of the Company, agreed to acquire the business conducted by Ecsponent Investment Holdings (Pty) Ltd as a going concern. The business provides high yielding financing opportunities which offer an attractive proposition for the Company. The Group concluded an agreement to acquire the business of the company, effective 30 June 2016.

Fair value of the assets acquired and liabilities assumed are as follows:

	2016 **R**
Property, plant and equipment	368 871
Deferred taxation	446 087
Trade and other receivables	44 608 966
Trade and other payables	(357 332)
Total identifiable net assets	45 066 592
Non-controlling interest	19 211 569
Common control reserve	54 679 081
Purchase consideration	118 957 242

Clade Investment Management (Pty) Ltd ("Clade") and its subsidiary
Ecsponent acquired 51% of the ordinary share capital of Clade, which wholly own the shares of Exchange Trade Fund Ltd, effective 30 June 2016. It has category 2 and 2A investment licences with the Financial Services Board.

Fair value of the assets acquired and liabilities assumed are as follows:

	2016 **R**
Property, plant and equipment	8 606
Deferred taxation	3 400 896
Trade and other receivables	1 621 142
Cash and cash equivalents	11 453 166
Other financial liabilities	(11 452 166)
Trade and other payables	(1 608 171)
Bank overdraft	(2 360)
Total identifiable net assets	3 421 113
Non-controlling interest	(1 676 345)
Intangible assets and goodwill	9 255 232
Purchase consideration	11 000 000

Start-up businesses
The Board of Directors established the following new businesses in line with the expansion strategy:

Ecsponent Asset Management (Pty) Ltd Botswana ("Ecsponent Asset Management")
Ecsponent Asset Management was awarded a licence to operate as an Investment Company with Variable Capital (ICVC). Ecsponent through its local holding structures has a 70% interest in this operation. The Group is currently rolling out products in the sector.

Disposals
Disposal of 51% of Ligagu Investments (Pty) Ltd Swaziland("Ligagu Investments")
Ecsponent entered into an agreement to dispose of its 51% shareholding in Ligagu Investments, its subsidiary in Swaziland providing retail credit loans to individuals. The investment was effectively sold on 30 June 2016 for a total purchase consideration of R16 million, payable in twelve equal instalments from 31 July 2016.

Fair value of the assets and liabilities disposed of are as follows:

	2016 R
Property, plant and equipment	199 222
Intangible assets	275 321
Deferred taxation	759 219
Other financial assets	29 629 448
Trade and other receivables	751 854
Cash and cash equivalents	2 615 690
Other financial liabilities	(19 897 090)
Trade and other payables	(9 746 114)
Current tax payable	(1 729 620)
Total identifiable net assets	2 857 930
Non-controlling interest	(1 245 645)
Net assets derecognised	1 612 285
Profit on disposal	14 387 715
Consideration receivable	16 000 000

Disposal of acquired debt collection books

Ecsponent decided, as part of its new focus on financial services, to dispose of its collection books. This disposal consideration of R9 million is payable in cash to Ecsponent Credit Services (Pty) Ltd for the acquired debt books in 12 equal instalments. The collection books had a carrying value of R8.9 million on the effective date.

OTHER FINANCIAL ASSETS

The other financial asset category incorporates the benefits provided to employees against payroll facilities contracts, business funding and purchase price repayment facilities. Total other financial assets increased by 170% compared to the comparative period. Provided below is the detail regarding the Group's other financial assets:

	Reviewed Group 30 June 2016	Unaudited Group 30 June 2015	Audited Group 31 December 2015
	R '000	R '000	R '000
At fair value through profit and loss – designated			
Acquired debt	-	8 981	8 874
Loans and receivables			
Employee benefit loans	80 397	54 242	77 645
Secured SME loans	112 377	43 726	73 140
Ecsponent Capital RF Limited	247 082	39 407	134 917
Ecsponent Investment Holdings (Pty) Ltd	114 282	21 987	81 940
Getbucks (Pty) Ltd – purchase price facility	2 571	46 300	-
Virtual Shared Services (Pty) Ltd – purchase price facility	16 000	-	-

Ecsponent Business Finance (Pty) Ltd – purchase price facility	7 726	-	-
TOTAL OTHER FINANCIAL ASSETS	**580 435**	**214 643**	**376 516**
Total included in non-current assets	70 980	105 624	98 066
Total included in current assets	509 455	109 019	278 450

PREFERENCE SHARE CAPITAL

Ecsponent's business model requires funding for both existing business growth and to pursue further acquisitions. Funding is deployed in the growth of financial services assets and the acquisition of new assets which contribute to the growth strategy. Preference shares are considered an optimal source of funding for these on-going business needs and accordingly the Company has registered a R5 billion preference share programme ("the Programme") under which Ecsponent may, from time to time, issue multiple tranches of preference shares. The Programme was approved by the JSE on 8 September 2014 and again on 15 December 2015. By 30 June 2016 Ecsponent Limited had received subscription investments of R441 million.

Reconciliation of the number of preference shares in issue:

	Ecsponent Limited (South Africa)		
	Class A	**Class B**	**Class C**
Reported at the beginning of the period	326 798	688 485	1 641 290
Issue of preference shares during the year	30 790	319 804	1 414 569
	357 588	**1 008 289**	**3 055 859**
Weighted average issue price per share (Rands)	**95.33**	**100.00**	**100.00**

	Ecsponent Limited (Swaziland)	
	Class A	**Class E**
Reported at the beginning of the period	18 058 000	18 174 000
Issue of preference shares during the year	9 158 000	11 910 700
	27 216 000	**30 084 700**
Weighted average issue price per share (converted to Rand)	**1.00**	**1.00**

	Ecsponent Limited (Botswana)	
	Class A	**Class B**
Reported at the beginning of the period	14 764 000	2 067 000
Repayment of preference shares during the year	(1 014 000)	-
	13 750 000	**2 067 000**
Weighted average issue price per share (Pula)	**1.00**	**1.00**
Weighted average issue price per share (Rand)	**1.33**	**1.33**

OTHER FINANCIAL LIABILITIES

In terms of IFRS the preference share capital is classified as debt and disclosed as other financial liabilities in the Condensed Consolidated Statement of Financial Position as at 30 June 2016.

Consequently, the preference share dividends are classified as funding costs and disclosed as such in the Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income for the 6 months ended 30 June 2016.

The other financial liabilities category incorporates external funding facilities with either banks, individuals or corporate funding entities. Provided below is the detail regarding the Group's other financial liabilities:

	Reviewed Group 30 June 2016	**Unaudited Group 30 June 2015**	**Audited Group 31 December 2015**
	R '000	**R '000**	**R '000**
Held at amortised cost			
Preference share liability	508 828	157 830	313 837
Experite NV Group	6 445	3 561	6 498
Capital bank - Term loan facilities	34 647	-	8 977
Getbucks (Pty) Ltd	-	9 207	4 054
Ecsponent Capital (RF) Limited	1 082	-	-
Ecsponent Projects (Pty) Ltd	684	5 225	4 873
Ecsponent Investment Holdings – purchase price facility	118 957	-	-
Debentures	11 452		-
Capital protected investments	2 668		-
Other	6 237	3 250	3 860
TOTAL OTHER FINANCIAL LIABILITIES	**691 000**	**179 073**	**342 099**
Total included in non-current liabilities	517 441	159 270	324 840
Total included in current liabilities	173 559	19 803	17 259

RELATED PARTY DISCLOSURES

The group entered related party transactions with its holding company and related subsidiaries during the financial period. Below is a summary of the relevant balances and transactions in this regard:

	Reviewed 30 June 2016	**Unaudited 30 June 2015**	**Audited 31 December 2015**
	R'000	**R'000**	**R'000**
Related party balances			
Loan accounts - Owing (to) / by related parties			
Ecsponent Capital (RF) Limited	247 082	39 407	134 917
Ecsponent Capital (RF) Limited	(1 082)	-	-
Ecsponent Investment Holdings (Pty) Ltd	114 282	21 987	81 940
Ecsponent Investment Holdings (Pty) Ltd	(118 957)	-	-
Ecsponent Business Finance (Pty) Ltd	7 726	-	-
Ecsponent Projects (Pty) Ltd	(684)	(5 225)	(4 873)

Amounts included in Trade receivable / (Trade Payable) regarding related parties			
Ecsponent Capital (RF) Limited	4 015	-	-
Ecsponent Capital (RF) Limited	(113)	-	-
Ecsponent Investment Holdings (Pty) Ltd	1 373	579	-
Ecsponent Investment Holdings (Pty) Ltd	(218)	-	-
Ecsponent Business Finance (Pty) Ltd	41	-	-
Ecsponent Business Finance (Pty) Ltd	(549)	-	-
Related party transactions			
Interest (received from) / paid to related parties			
Ecsponent Capital (RF) Limited	(26 304)	(3 008)	(14 110)
Ecsponent Investment Holdings (Pty) Ltd	(20 400)	(3 139)	(18 644)
Administration fees paid to (received from) related parties			
Ecsponent Capital (RF) Limited	(630)	(995)	(5 962)
Ecsponent Investment Holdings (Pty) Ltd	(780)	(402)	(3 240)
Return on Innovation (Pty) Ltd	(216)	-	-
Commission paid to (received from) related parties			
Ecsponent Business Finance (Pty) Ltd	(1 114)	-	(1 500)
Ecsponent Investment Holdings (Pty) Ltd	(500)	-	-
Recoveries paid to (received from) related parties			
Ecsponent Capital (RF) Limited	(2 844)	-	-
Ecsponent Business Finance (Pty) Ltd	(40)	-	-
Ecsponent Investment Holdings (Pty) Ltd	(37)	-	-
Return on Innovation (Pty) Ltd	117	-	-

FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

Financial instruments measured in the statement of financial position at fair value require disclosure. Financial instruments of the Group carried at fair value are disclosed below.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Financial instrument carried at fair value	*Reviewed 30 June 2016* Carrying value - Designated at fair value R'000	Fair value - Level 3 R'000
Other financial assets	-	-

Financial instrument carried at fair value	*Unaudited 30 June 2015* Carrying value - Designated at fair value R'000	Fair value - Level 3 R'000
Other financial assets	8 981	8 981

Financial instrument carried at fair value	*Audited 31 December 2015* Carrying value - Designated at fair value R'000	Fair value - Level 3 R'000
Other financial assets	8 874	8 874

Financial instrument carried at fair value	Reviewed 30 June 2016	Unaudited 30 June 2015	Audited 31 December 2015
Fair value gains recognised in profit and loss	-	-	5 639

Financial instrument carried at fair value	Reviewed 30 June 2016	Unaudited 30 June 2015	Audited 31 December 2015
Opening balance at the start of the period	8 874	3 241	3 241
Purchases & revaluations	126	5 854	5 854
Transfer of realised gains recognised in profit and loss	-	(114)	(221)
Disposal of financial instrument	(9 000)	-	-
Balance at the end of the period	-	8 981	8 874

Measurements of fair value – valuation techniques and significant unobservable inputs

The following table reflects the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Acquired debt	The fair value of acquired debt is determined by applying the discounted cash flow valuation technique, which incorporates the determination of discount rate containing an appropriate risk premium.	- The expected future cash flows are determined with reference to the current collection performance of the book, benchmark information available within the debt collection industry as well as expected recovery rates determined by the collection service provider. The expected recovery rates are measured against the collection service provider's model that takes key considerations into account like the quality of the contact details of the individual debtors contained in the book, the age of the debt and the quality of the original loan - A risk adjusted discount rate of 16.5% was applied.	The estimated fair value would increase/(decrease) if: - the forecast collections were higher/(lower); or - the risk adjusted discount rate was lower/ (higher).

FINANCIAL INSTRUMENTS
The carrying amount of all significant financial instruments approximates the fair value.

FINANCIAL RISK MANAGEMENT
The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated annual financial statements as at and for the year ended 31 December 2015.

SUMMARISED CONSOLIDATED SEGMENTAL INFORMATION

The segments identified are based on the operational and financial information reviewed by management for performance assessment and resource allocation. There has been no change in the basis of operational segmentation or in the basis of measurement of segment profit or loss since the 2015 annual financial statements.

The continued expansion of the Group has resulted in the need for geographic segmentation in addition to the operational segmentation.

Period ended 30 June 2016

Operating Segment	Total Assets R' 000	Revenue R' 000	Operating profit / (loss) R'000
Financial Services	706 336	142 567	92 661
Private equity	38 500	30 810	(2 746)
Collections	3 992	1 873	(2 170)
Corporate	565 806	37 479	43 801
Eliminations	(537 567)	(96 025)	(73 140)
Group total	**777 067**	**116 704**	**58 406**

Geographic Segment	Total Assets R' 000	Revenue R' 000	Operating profit / (loss) R'000
South Africa	1 149 233	171 884	114 518
Botswana	126 209	23 243	10 918
Swaziland	24 743	16 431	7 409
Namibia	192	233	135
Zambia	14 257	938	(1 434)
Eliminations	(537 567)	(96 025)	(73 140)
Group total	**777 067**	**116 704**	**58 406**

Period ended 30 June 2015

Operating Segment	Total Assets R' 000	Revenue R' 000	Operating profit / (loss) R'000
Financial Services	356 626	29 824	23 386
Private Equity	23 240	18 633	(2 299)
Collections	12 184	10 214	7 958
Corporate	231 410	10 717	5 777
Eliminations	(328 651)	(1 025)	(12 118)
Transfer to discontinued operations	-	(1 573)	(804)
Group total	**294 809**	**66 790**	**21 900**

Geographic Segment	Total Assets R' 000	Revenue R' 000	Operating profit / (loss) R'000
South Africa	481 101	73 298	30 213
Botswana	104 064	15 388	4 123
Swaziland	32 346	5 313	493
Namibia	161	313	39
Zambia	5 788	-	(46)
Eliminations	(328 651)	(25 949)	(12 118)
Transfer to discontinued operations	-	(1 573)	(804)
Group total	**294 809**	**66 790**	**21 900**

Year ended 31 December 2015

Operating Segment	**Total Assets R' 000**	**Revenue R' 000**	**Operating profit / (loss) R'000**
Financial Services	710 672	132 833	65 193
Private equity – Biotechnology	36 088	39 623	(5 644)
Collections	8 802	16 209	(258)
Corporate	355 853	57 727	30 618
Eliminations	(645 236)	(86 679)	(42 528)
Group total	**466 179**	**159 712**	**47 381**

Geographic Segment	**Total Assets R' 000**	**Revenue R' 000**	**Operating profit / (loss) R'000**
South Africa	834 788	190 292	63 494
Botswana	183 856	40 956	20 969
Swaziland	81 321	13 438	6 362
Namibia	187	562	(157)
Zambia	11 263	1 143	(759)
Eliminations	(645 236)	(86 679)	(42 528)
Group total	**466 179**	**159 712**	**47 381**

EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material event, other than the matters listed below, which occurred after the reporting date and up to the date of this report, which require disclosure.

CORPORATE ACTIONS

During the financial period ended 30 June 2016, the following corporate actions were implemented by the Group:

Related party acquisitions
ECS Developments, a subsidiary of the Company, acquired the business conducted by Ecsponent Investment Holdings Proprietary Limited as a going concern ("the EIH Transaction"). The EIH Transaction was approved by the requisite number of shareholders at a general meeting held on 3 May 2016 and became effective on 30 June 2016.

Class G Preference Shares
At the annual general meeting held on 25 August 2015, shareholders approved the creation of an additional Class G preference share, which contains provisions for conversion into ordinary shares on certain default events. Specific approval for the issue of convertible Class G shares was obtained from shareholders at a general meeting held on 3 May 2016, however none have been issued to date.

Issue of ordinary shares to Directors
The Company's remuneration committee approved the partial settlement of future directors' fees for the non-executive directors and for the executive directors' salaries through the issue of ordinary shares to the directors in lieu of a cash settlement of the fees ("the Directors' Issue").

Odd lot offer and specific repurchase

The Company undertook an odd-lot offer and a specific repurchase of ordinary shares at 20.55 cents per share in order to reduce the ongoing administration costs associated with the Company's large minority ordinary shareholder base, as follows:

- an odd-lot offer to repurchase holdings equal to or less than 532 ordinary shares ("the Odd-Lot Offer");
- a specific offer to repurchase holdings of more than 532 ordinary shares and equal to or less than 10 000 ordinary shares ("the Specific Repurchase").

In terms of the Odd-Lot Offer and the Specific Repurchase, a total of 542 758 ordinary shares were repurchased and subsequently cancelled.

Amendment of the Memorandum of Incorporation

The Company's MOI was amended to specifically allow the Company to expropriate shares pursuant to the Odd-Lot Offer.

SHARE CAPITAL

The following ordinary shares were issued during the 6 months ended 30 June 2016.

	Number of shares	**Issued share capital**	**Total**
	'000	**R'000**	**R'000**
Opening balance 1 January 2016	901 588	118 072	118 072
Acquisition of Clade Investment Management	19 096	4 000	4 000
Shares issued pursuant to the Directors' Issue	10 070	1 869	1 869
Closing balance 30 June 2016	**930 753**	**123 941**	**123 941**

DIVIDENDS

No ordinary dividends have been declared or proposed for the year.

The Company has issued and listed three classes of Preference Shares with the following dividend terms:

- Class A – 10% fixed rate monthly dividend;
- Class B – 0% monthly dividend, but redeeming at a rate equal to 170% of the Initial Issue Price; and
- Class C – prime plus 4% floating rate monthly dividend.

Preference Share dividends and interest of R23.8 million accrued to investors for the 6 months ended 30 June 2016. The dividends are classified as finance costs and included in the finance cost expense in the Condensed Consolidated Statement of Profit and Loss and Comprehensive Income.

RESTATEMENT OF PUBLISHED INTERIM RESULTS

During the finalisation of the 31 December 2015 results it was identified that an incorrect interpretation of the SAICA circular relating to the quantification of headline earnings was applied, resulting in the misstatement of the 30 June 2015 headline earnings and related HEPS. The impact of the misstatement is summarised as follows:

	2015 R'000
Headline earnings reported in 30 June 2015 results	4 653
Adjustment - IAS 39 Profit on disposal of Financial Instruments	12 017
Restated Headline earnings for the period ending 30 June 2015	16 670
Headline earnings per share reported in 30 June 2015 results	0.516
Restated Headline earnings for the period ending 30 June 2015	1.849

CONTINGENCIES

The directors are not aware of any material contingent liability which existed at the reporting date and up to the date of this report that requires disclosure.

DIRECTOR CHANGES

No changes to the Group's directors took place during the 6 months ended 30 June 2016.

COMPANY SECRETARY

During the period, Mr. Dirk van der Merwe was appointed as the company secretary.

AUDITORS

Nexia SAB&T continued in office as auditors for the Group for 2016 financial interim period.

At the Annual General Meeting held on 27 May 2016, shareholders reappointed Nexia SAB&T as the independent external auditors of the Group for the 2016 financial year.

GOING CONCERN

The directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the Condensed Consolidated Interim Financial Statements for the 6 months ended 30 June 2016 have been prepared on a going concern basis. The directors have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient equity and borrowing facilities to meet its foreseeable cash requirements.

The directors are not aware of any new material changes that may adversely affect the Group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group.

For and on behalf of the Board

E Engelbrecht
Pretoria
26 September 2016

Directors: RJ Connellan* (Chairman), KA Rayner*, BR Topham*. (* Independent Non-Executives), E Engelbrecht (Chief Executive Officer), TP Gregory (Chief OperatingOfficer), B Shanahan (Financial Director)
Company Secretary: Dirk van der Merwe
Registered Office: Acacia House, Green Hill Village Office Park, on Lynnwood, Cnr Botterklapper and Nentabos Street, The Willows, Pretoria East, PO Box 39660, Garsfontein East 0060
Transfer Secretaries: Computershare Investor Services Proprietary Limited, (Registration number 2004/003647/07), Ground Floor, 70 Marshall Street, Johannesburg, 2001, (PO Box 61051, Marshalltown, 2107)
Auditors: Nexia SAB&T Inc.
Sponsor: Questco (Pty) Ltd